APPENDIX K

Hal Lux, *SEC Commissioner Proposes Foreign Listing Mechanism*, INVESTMENT DEALERS DIGEST, May 29, 1993

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HEADLINE: SEC commissioner proposes foreign listing mechanism; NYSE could get a rehearing under new regime

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BODY:

Richard Roberts, a commissioner at the Securities and Exchange Commission, is recommending that the agency explore a new US exchange-listing mechanism for foreign stocks that would fall somewhere between a regular exchange listing and the Rule 144A private placement category.

While Roberts has not said how the agency might craft these new regulations, his proposal is a sign that the SEC may soon reconsider a New York Stock Exchange request to exempt foreign companies looking to list in the US from some SEC disclosure requirements.

Roberts' proposal comes as Arthur Levitt, Jr. prepares to take over as SEC chairman. Richard Breeden, the outgoing SEC chairman who publicly clashed with NYSE chairman William Donaldson on the foreign listings issue, left the SEC last week. Breeden was well known for controlling the agenda of the commission during his tenure, and some insiders have long claimed

that the Big Board would find support for its proposal within the agency if it could ever get the plan on the table.

"While the progress toward making the US capital market the international securities trading center has been significant, a legitimate argument can be made that some mechanism between 144A and a regular US listing would enable a foreign issuer to wade deeper into the US capital formation system and would foster even greater such progress," said Roberts in a recent speech at the National Regulatory Services Supervision/Compliance Conference.

The commissioner said the agency faced many hurdles in trying to fashion a rule that would attract foreign issuers to the new mechanism while not discouraging them from seeking regular listings. He also voiced concerns about disadvantaging domestic issuers in the US markets who would not be able to list under the relaxed rules.

Sara Hanks, who developed Rule 144A for the agency as head of international corporate finance, said the mechanism would make it more difficult to sell foreign companies on full-blown listings. "I think we have to assume that most foreign issuers would go for that category instead of regular listings."

"Such a mechanism, accomplishing all of these goals, may be unachievable," said Roberts. "My concern to date has been the reluctance of the commission to explore developing such a mechanism. Possibly there will be more of a willingness to do so in the future."

Debate not over

There has been speculation that the Big Board's recent success in getting a regular stock listing from Daimler-Benz might doom its campaign to win concessions from the SEC. Roberts said the Daimler-Benz listing, which may be followed by "a handful of Swiss and German issuers," should not discourage SEC experimentation with new mechanisms.

"While I believe the progress made with Daimler-Benz is a significant achievement," Roberts added. "I am not so sure that it ends the debate over whether there should be some intermediate listing standard between 144A private placements and regular US listings standards."

The commissioner warned that with the "upcoming management change" at the agency, predicting the future is not easy. Levitt, who is now preparing for his Senate confirmation hearings, has not said what his priorities as chairman will be.

However, as former head of the American Stock Exchange, Levitt does have a track record on the issue. He pushed for increased foreign listings while chairman of the Amex. In addition to pursuing individual stock listings, the Amex under Levitt launched derivative products based on proprietary international stock index as well as country indices.

His efforts included some requests for disclosure relief from the SEC. While those differed from the NYSE proposal on foreign listings, a source familiar with Levitt's work at the Amex speculated that Levitt may be inclined to loosen some disclosure requirements.